

**To the Mayor and Members of the City Council**

August 20, 2020

Page 1 of 2

**SUBJECT: GAS WELL TRUST DISTRIBUTION**

In 2008, the City Council adopted amendments to the City's Financial Management Policy Statements (FMPS) to establish a Mineral Revenue Trust Fund known as The Fort Worth Permanent Fund (M&C G-16013). The City Council subsequently authorized executing an Agreement with Wells Fargo Bank, N.A. (Wells Fargo), to serve as Corporate Trustee (M&C P-11467). All of the accumulated money that had been designated for inclusion in the Trust was transferred to Wells Fargo in June 2013.

In accordance with the terms of the written Trust Agreement and the FMPS, the Fund is maintained as a consolidated account and divided into five sub-accounts. Money in the Trust is invested in accordance with the City Council adopted Investment Policy and Strategy for the Fund.

The City has more than 600 gas wells located around the city. The wells are located on City-owned airports, park land, water and sewer land and general property owned by the City. The revenue generated from these wells is allocated to the five trust accounts according to City policy. The Trust investments generate income in the form of dividends and interest. This investment income is allocated between the five trust accounts based on City policy. Per City Policy, some of the income is allocated to the trust corpus and the rest is made available to be withdrawn from the trust to be spent on capital projects and other authorized uses such as the public art and community tree planting programs.

The amount of income available to be distributed each year from a particular fund of the Trust is determined by the balances as of March 31. Typically, the income distribution is made sometime between April and September and is available for use in the following fiscal year.

The table below summarizes the Trust balances as of June 30, 2020, along with the FY21 distribution that is based on the March 31, 2020 portfolio balances.

<b>Permanent Fund Portfolio</b>	<b>Portfolio Value</b>	<b>Corpus Value</b>	<b>FY20 Disbursement For FY21</b>
Aviation	\$42,670,306	\$40,824,337	\$1,765,063
Restricted Park	9,027,009	8,546,638	475,413
Unrestricted Park	3,687,191	3,447,583	217,117
Water & Sewer	7,399,844	6,945,925	415,119
General	19,850,242	19,714,724	33,620
<b>Total</b>	<b>\$82,634,592</b>	<b>\$79,479,207</b>	<b>\$2,906,332</b>

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Page 2 of 2

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The table below summarizes prior fiscal year interest distributions.

<b>Fiscal Year</b>	<b>Aviation</b>	<b>Restricted Park</b>	<b>Unrestricted Park</b>	<b>Water &amp; Sewer</b>	<b>General</b>	<b>Total</b>
<b>2019</b>	\$1,695,340	\$449,167	\$191,307	\$325,957	\$858,430	\$3,520,201
<b>2018</b>	1,503,110	400,882	221,879	304,104	783,739	3,213,714
<b>2017</b>	636,419	172,403	86,654	135,530	347,899	1,378,905
<b>2016</b>	1,006,359	278,370	152,361	214,663	580,732	2,232,485
<b>2015</b>	358,809	111,347	66,983	76,882	213,692	827,713
<b>Total</b>	<b>\$5,200,037</b>	<b>\$1,412,169</b>	<b>\$719,184</b>	<b>\$1,057,136</b>	<b>\$2,784,492</b>	<b>\$11,173,018</b>

Currently, a proposal to adopt a resolution to amend the Trust Agreement is under consideration. The proposed amendment would authorize a one-time distribution of the trust corpus of up to \$16,000,000.00 to fund the acquisition of land for the Open Space Acquisition Program. The proposal is scheduled to be voted on by the City Council at the December 1, 2020 Council meeting. A distribution of corpus will impact what is available for future income distributions from the Trust.

If you have questions concerning this information, please contact Reginald Zeno, Financial Management Services Director, at 817-392-8517.

**David Cooke**  
**City Manager**